

ORDER NO. 5700

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Chairman;
Michael Kubayanda, Vice Chairman;
Mark Acton;
Ann C. Fisher; and
Ashley E. Poling

Periodic Reporting
(Proposal Five)

Docket No. RM2020-12

ORDER ON ANALYTICAL PRINCIPLES USED IN PERIODIC REPORTING
(PROPOSAL FIVE)

(Issued September 28, 2020)

I. INTRODUCTION

On August 5, 2020, the Postal Service filed a petition pursuant to 39 C.F.R. § 3050.11, requesting that the Commission initiate a rulemaking proceeding to consider a proposal to change analytical principles relating to the Postal Service's periodic reports.¹ Proposal Five seeks to revise the Revenue, Pieces, and Weight (RPW) reporting methodology for measuring the national totals of non-contract mailpieces in outbound international product categories bearing PC Postage indicia from postage

¹ Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Five, August 5, 2020, at 1 (Petition)). The proposal is attached to the Petition (Proposal Five). See *a/so* Notice of Filing of USPS-RM2020-12-NP1 and Application for Nonpublic Treatment, August 5, 2020.

evidencing systems. Petition, Proposal Five at 1. Proposal Five would replace the System for International Revenue and Volume, Outbound, and International Origin Destination Information System (SIRVO) statistical sampling estimates used for reporting Priority Mail International (PMI) and First-Class Package International Service (FCPIS) that bear PC Postage indicia with corresponding census transactional data. *Id.* For the reasons discussed below, the Commission approves Proposal Five.

II. BACKGROUND

The current RPW methodology for reporting outbound international mailpieces utilizes several census sources in combination with statistical sampling estimates from SIRVO.² SIRVO is a probability-based international outbound mail sampling system that the Postal Service uses, primarily, for RPW estimates of revenue, volume, and weight for single-piece stamped and metered international outbound mail. *Id.* at 3.

As the Postal Service points out, statistical sampling systems like SIRVO produce point estimates with sampling error. Census information is not subject to sampling error. *Id.* The Postal Service also notes that “[u]nintended errors could occur in the sampling of mail, and in the recording of the data elements observed.” *Id.*

On August 7, 2020, the Commission issued a notice initiating this proceeding, providing for the submission of comments, and appointing a Public Representative.³ The Public Representative filed comments on September 8, 2020.⁴

² These sources include PostalOne!, Retail Systems Software, Click-N-Ship, and PC Postage vendor data. *Id.* at 2-3.

³ Notice of Proposed Rulemaking on Analytical Principles Used in Periodic Reporting (Proposal Five), August 7, 2020 (Order No. 5622).

⁴ Public Representative Comments, September 8, 2020 (PR Comments).

III. PROPOSAL FIVE

Proposal Five seeks to replace the sample data provided by the SIRVO system with corresponding census data for purposes of reporting of PC Postage international outbound non-negotiated service agreement parcel mail categories.⁵ The PC Postage data at issue include PMI parcels and FCPIIS. *Id.* The Postal Service states that Proposal Five “provides a complete census source of transactional-level data for PC Postage international outbound mailpieces.” *Id.* These transactional-level data “are used to form the revenue and volume characteristics needed for RPW reporting.” *Id.*

The Postal Service estimates that “two major categories would be *directly* affected by the use of non-contract PC Postage census data in place of corresponding SIRVO sample data: Outbound [PMI] and [FCPIIS].” *Id.* at 5 (emphasis in original). The Postal Service estimates that outbound PMI revenue would increase 2.3 percent and volume would decrease 5.8 percent, with FCPIIS volume and revenue decreasing by the same general percentage magnitudes. *Id.* The Postal Service also states that “*indirect* effects of the proposal would then occur when other estimates are scaled to the remaining known dispatch weights that have been not accounted for with census data sources.” *Id.* (emphasis in original). The Postal Service states that Outbound First-Class Mail International revenue and volume would decrease 4.8 percent and 5.7 percent, respectively. *Id.* The Postal Service avers that U.S. Postal Service Mail, Free Mail, and International Ancillary Services would also experience indirect effects. *Id.* at 5-6. The Postal Service states that the overall impact on outbound international revenue and volume for Quarters 1 and 2 of Fiscal Year 2020 would have been reduced by 0.3 percent and 2.7 percent, respectively. *Id.* at 6.

The Postal Service contends that Proposal Five “will result in the improved reporting of PC Postage non-contract revenue and volume both in terms of the level and

⁵ Petition, Proposal Five at 4. The census data will be provided by reports from the Accounting Data Mart, a reporting system relied upon by RPW. *Id.*

measures of precision.” *Id.* The Postal Service states that Proposal Five “will also allow for more granularity in the underlying report data.” *Id.*

IV. COMMENTS

The Commission received comments from the Public Representative. No other interested party filed comments. The Public Representative states that “the Postal Service’s proposal to switch from SIRVO sampling system data to corresponding census data will help avoid estimation sampling errors that result from limitations in the current system.” PR Comments at 4. She contends that Proposal Five “improves the accuracy of the Postal Service’s reporting” because it “improves the accuracy of data used to report revenue, pieces, and weight reported quarterly and annually in the RPW report.” *Id.* For these reasons, the Public Representative “supports Proposal Five and recommends its approval.” *Id.*

V. COMMISSION ANALYSIS

Based upon a review of Proposal Five, the workpapers filed in support of Proposal Five, and the Public Representative’s comments, the Commission approves Proposal Five. Proposal Five improves the Postal Service’s RPW reporting by replacing SIRVO sampling estimates with corresponding census data.

Proposed changes to analytical principles are evaluated to ensure that they “improve the quality, accuracy, or completeness of the data or analysis of data” contained in the Postal Service’s periodic reports, pursuant to 39 C.F.R. § 3050.11(a). Proposal Five improves the quality, accuracy, and completeness of the Postal Service’s RPW reporting methodology. The current method using statistical estimates produces sampling errors. Petition, Proposal Five at 3. Because of this, the Commission has encouraged the Postal Service to expand the use of census data to improve precision in

the reporting of revenues, volumes, and weights.⁶ Additionally, the incorporation of census data sources and census data adjustments at the transactional level will improve the completeness of data reported for non-contract international outbound parcels using PC Postage because it captures granular data at the product level.

For these reasons, the Commission finds that Proposal Five would provide more accurate reporting and recording of volume and revenue and improve the quality of the data. Accordingly, the Commission approves Proposal Five.

VI. ORDERING PARAGRAPH

It is ordered:

For purposes of periodic reporting to the Commission, the changes in analytical principles proposed by the Postal Service in Proposal Five are approved.

By the Commission.

Mallory Smith
Federal Register Liaison

⁶ See, e.g., Docket No. RM2020-6, Order on Analytical Principles Used in Periodic Reporting (Proposal One), May 19, 2020, at 5-7 (Order No. 5515).